United Nations A/57/384

General Assembly

Distr.: General
6 September 2002

Original: English

Fifty-seventh session
Item 38 of the provisional agenda*
The situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development

The situation in Central America

Report of the Secretary-General**

Summary

The present report covers developments in the last year related to Central America, especially efforts to overcome the conflicts of the 1980s and build lasting peace and equitable societies. It also outlines the activities of the United Nations system in the region, in particular ongoing monitoring of the implementation of peace agreements in El Salvador and Guatemala.

* A/57/150.

** The submission of this report was postponed to accommodate the inclusion of developments in El Salvador through the end of August 2002.

02-58406 (E) 071002

I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 56/224 of 24 December 2001. It summarizes the progress made by the countries of Central America in the areas of peace, freedom, democracy and economic development since the submission of my last report (A/56/416), in September 2001.

2. In considering the present report, the General Assembly follows a tradition started in 1983, when it first discussed the conflicts that were then engulfing Central America. Since then I have submitted yearly reports following efforts to end the wars that plagued the region in the 1980s and the successes and efforts of the peoples of the isthmus to build pacific and equitable societies. In those endeavours to keep, make and build the peace, Central America has been accompanied actively since 1989 by the United Nations. In that year the region's leaders requested the Organization to verify an agreement they had reached two years earlier at Esquipulas.

3. Since that time, both the Security Council and the General Assembly have fielded missions in the region. The United Nations helped with disarmament and demilitarization in several parts of the region, through the United Nations Observer Group in Central America from 1989 to 1992. It assisted an electoral process in Nicaragua, through the United Nations Observer Mission for the Verification of the Electoral Process in Nicaragua in 1989 and 1990. In El Salvador, monitoring of the implementation of the 1992 peace accords ending the civil war has been ongoing, and has reached its final stage. The United Nations Verification Mission in Guatemala (MINUGUA) began in 1994 and to this day is accompanying the Government and the people of Guatemala in implementing the agreement ending the long-standing civil conflict.

II. Central American process

A. Electoral processes

4. Presidential and legislative elections were held in the past year in Costa Rica, Honduras and Nicaragua. These peaceful, orderly elections are testimony to the further consolidation of Central American democracies. It is hoped that these positive and successful elections will have a constructive impact on coming elections in El Salvador (in 2003 and 2004) and in Guatemala (in 2003). Yet elections are but one element in the construction of effective democratic institutions to promote peace, stability and development. Important challenges in the fields of governance, rule of law and human rights remain and must be addressed in order to improve quality of life for people throughout the region.

5. On 4 November 2001, Enrique Bolaños of the Partido Liberal Constitucionalista was elected President of Nicaragua by a margin of approximately 14 per cent over his rival of the Frente Sandinista de Liberación Nacional, Daniel Ortega. At the request of the Government and in coordination with other parties, the United Nations sent a technical monitoring team, which provided advice and assistance in the pre-electoral and immediate post-electoral period. There was a record turnout for the vote, and despite some technical problems that delayed the official results, Mr. Ortega promptly recognized Mr. Bolaños's victory, thereby ensuring a peaceful post-electoral period. Several international organizations observed the elections, including the Organization of American States (OAS), the European Union and the Carter Center. A Nicaraguan non-governmental organization, Ética y Transparencia, also fielded monitors.

6. In Honduras, elections were held on 25 November 2001, resulting in the election of Ricardo Maduro Joest of the Partido Nacional to the presidency. Both OAS and the International Foundation for Election Systems fielded large electoral observation missions that found the electoral process largely satisfactory.

7. The second round of elections for the presidency of Costa Rica on 7 April was historic, since it was the first time that that the country had held a runoff election. With three candidates seeking the office, no clear winner had emerged from the first round. Abel Pacheco of the Partido Unidad Social Cristiana eventually won, obtaining 58 per cent of the vote. After the elections, some disappointment was expressed over the voter turnout, since 39 per cent of the electorate abstained in the second round.

8. In 1995, agreement was reached among the major political actors in El Salvador on a number of electoral reform proposals. Most of these have since stagnated, though a major achievement is the introduction of the

single identification document. A provision for voting near one's home is expected to take effect in 2004. Yet the prospect for more thoroughgoing reform appears dim, in the light of the polarization of the political climate many months in advance of the parliamentary and municipal elections scheduled for 2003. Faced with paralysis on the electoral reform agenda, a number of new civil society groups have launched an intense debate and their own schemes, which is cause for optimism.

9. General elections are planned for December 2003 in Guatemala. Still more than a year away, the contest is already colouring political life in ways that impede the free exchange of ideas and the open consideration of policy options. In addition, some have expressed the view that a recent rise in attacks on justice sector officials and human rights activists should be seen in the context of this pre-electoral climate, giving cause for concern that such intimidation may increase in the course of 2003.

B. Human rights

10. During her first year, El Salvador's new ombudsman has reversed a long period of deterioration in that key institution, which grew out of the peace process. The ombudsman's office (Procuraduría para la Defensa de los Derechos Humanos) has taken great strides in rebuilding its capabilities and respect among the citizenry and in re-establishing all-important links with the international community. Both the United Nations Development Programme (UNDP) and the Office of the United Nations High Commissioner for Human Rights have established programmes of cooperation designed to build domestic capacity in this all-important area. Bilateral donors, including France, Spain, Sweden and the United States of America, have also stepped in with key assistance. While the office has made progress towards fulfilling its mandated role, it remains sorely underfunded. In addition to the constraints imposed by meagre budgetary allocations, there are signs that the ombudsman's office remains isolated from other institutions of the State mandated to protect and promote human rights.

11. El Salvador ratified a number of treaties in the last year, including the Protocols against trafficking in persons, especially women and children; against the smuggling of migrants; and against the illicit manufacturing of and trafficking in firearms. The Legislative Assembly also adopted a Law of Refugee Status Determination.

12. In neighbouring Guatemala, the greater respect for human rights that was apparent in the years following the 1996 ceasefire has eroded in the last year. In its last report, MINUGUA noted cases of threats against or assassinations of human rights defenders, church workers, judges, witnesses, journalists, political activists and labour unionists. Lynchings and mob violence continued. Illegal groups and clandestine structures operated with impunity. Violations by the police increased sharply. Impunity remained systematic, as the State neglected its obligation to investigate crimes and sanction those responsible, while its own agents often obstructed justice.

13. In response to this retrogression, my Special Representative on human rights defenders and the Special Rapporteur on the independence of judges and lawyers both visited Guatemala, which also received a prominent human rights mission from OAS. The selection of a new human rights ombudsman and a new Prosecutor General, in both cases with broad input from civil society, is cause for optimism. It is to be hoped that Guatemalan authorities will make all necessary resources available to rebuild and fortify the ombudsman's office, enabling it to assume full responsibility for human rights protection once MINUGUA ceases to exist. Preparing for that day, the Office of the United Nations High Commissioner for Human Rights has increased its staff and scope of work, prioritizing capacity-building in the ombudsman's office and indigenous rights.

C. Judicial reform

14. Also cause for optimism in Guatemala are steps to establish a professional judiciary, including the first evaluation and dismissal of judges deemed inappropriate to serve. While the system should be honed, the National Commission for Support and Follow-up to the Strengthening of Justice, created within the framework of the peace process, provides a forum for such work. Despite progress made in ensuring access for all Guatemalans to the justice system, achievements have been jeopardized by budget cuts suffered by the judicial branch in 2002.

15. Efforts to reform and modernize the Salvadoran justice sector began during the war years. Thanks to

those efforts, as well as to the changes made in connection with the peace process, the sector has evolved considerably towards becoming one capable of guaranteeing the rule of law. While improved, the sector has shown itself to be inadequate for the demands of a post-war crime wave in a society where weapons abound and controls are few. In response, some have urged the enactment of lower standards concerning evidence and the detention of suspects. These steps backward are cause for concern, as is the continuing inadequacy of systems designed to screen and monitor judicial performance. Of late, it came to light that a considerable number of justice sector personnel hold false credentials, which served to further undermine public confidence in the system and highlighted the need to purge all those who do not meet professional and ethical standards. Steps to establish a framework for coordination between the Supreme Court and the National Council on the Judiciary could lead to more rigorous judicial oversight. The continuing failure of the system to ensure justice for all has taken its toll. A poll taken in late November 2001 revealed that Salvadorans rank justice sector institutions near the bottom when asked to evaluate the credibility of national institutions.

D. Public security

16. Assigning public security functions to civilians was a major achievement of Guatemala's peace agreement, though the National Civil Police continue to fall short of expectations. Several detainees have died as a result of excessive use of force. The police academy remains grossly underfunded, while the Government has transferred funds into military accounts exceeding both budgetary allocations and peace accords targets. Resources and attention must be brought to bear on building the criminal investigative capacity of the National Civil Police. To complete the legal framework for public security, laws are needed to regulate weapons and to regulate private security firms, whose agents outnumber the police. A new public order law is also overdue.

17. The level of impunity in El Salvador's National Civil Police reached crisis proportions in 2000, necessitating an extraordinary review and dismissal process. In the last year important strides have been made in internal organization and in earning the respect of the citizenry. Two praiseworthy steps are the creation of a Human Rights Division and a statistical unit compiling trustworthy data that should help rationalize decision-making and define public security policies. Nonetheless, a new organic law for the National Civil Police reflects some erosion; for example, it places the Inspectorate General directly under the control of the director of the National Civil Police without providing for the necessary autonomy. In another setback, the law allows for agents to live in military-style barracks, contradicting the civilian character of the force. Amendments to the criminal code serve to reduce judicial control over the police and to concentrate police power in the hands of a few individuals. On 15 August, the Legislative Assembly adopted a law on national defence containing worrisome provisions that appear to contradict the intent of the peace accords by allowing a role for the military in domestic matters, including public security. There is also a provision that could require journalists to reveal their confidential sources of information.

E. Rule of law and good governance

18. In Honduras, new members of the Supreme Court of Justice and the National Commissioner for Human Rights were chosen through a participatory, transparent mechanism that should greatly enhance credibility and public confidence. During the special session of the General Assembly on children last May, Honduras deposited with the Organization its instrument of accession to the Optional Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography.

19. The rights and welfare of Honduras's children and youth have been under scrutiny in recent years in the midst of allegations of killings of gang members and street children. In response, the United Nations special rapporteur on extrajudicial, summary or arbitrary executions visited Honduras in August 2001. Lamentably, some are calling for measures to combat juvenile violence that contradict due process guarantees. The United Nations Children's Fund has been involved in efforts to ensure that reforms enacted to the applicable codes are consistent with Honduras's obligations under the Convention on the Rights of the Child. In an attempt to improve public security, the new Government launched a comprehensive anti-crime campaign that includes the deployment of the military. However necessary the campaign may be, it is

important to recall that public security functions correspond exclusively to the civilian police, who must be granted the necessary resources to do their job effectively.

20. Corruption among government officials has become a major issue in the last year, a sign that citizens are demanding greater integrity, transparency and accountability from those in public life. In Nicaragua, the corruption allegations have been particularly worrisome. The executive branch and the judiciary have launched a series of investigations that have resulted in the indictment of several prominent figures of the Administration of former President Arnoldo Alemán, who is now President of the National Assembly. This has led to increased tension between President Bolaños and Mr. Alemán, and the conflict threatens to spill over beyond the National Assembly into other institutions. Eliminating corruption will greatly boost confidence in the rule of law and ultimately restore the citizenry's faith in democracy.

F. Regional trade and economic cooperation

21. According to the Economic Commission for Latin America and the Caribbean (ECLAC), the gross domestic product for the countries of the Central American region, excluding Belize and Panama, grew by an average of only 2.1 per cent in 2001, compared with 3.7 per cent growth in 2000. Consequently, the per capita gross domestic product growth rate decreased by 0.3 per cent. The Central American economies are highly susceptible to world market fluctuations, and all experienced a drop in exports in 2001. Thus, the poor performance in 2001 has to be seen in the light of the global economic crisis, especially stagnation in the United States economy, and declining prices on the world market for coffee and other important Central American exports. The gross domestic product of Panama grew by 0.4 per cent in 2001, down from 2.6 per cent growth in 2000 and from nearly 4 per cent in the two preceding years. In Belize, the gross domestic product grew by 4.7 per cent in 2001, following a 10.5 per cent rise in 2000.

22. In its latest human development index, the United Nations Development Programme (UNDP) places Central American countries in the category of nations with "medium human development", except Costa Rica, which ranks among the countries with "high human development".[1] The human development index is calculated on the basis of four indicators: life expectancy at birth, adult literacy, level of schooling and per capita gross domestic product. The indices of the Central American countries have improved steadily in the last 25 years, although their rankings relative to those of the rest of the world have not changed significantly during this period. After falling from 1995 to 2000, the urban unemployment rate in the region has increased by about 1 per cent in the last year, according to ECLAC.

23. Central America is still burdened by heavy external debt despite the implementation of structural reforms and a stabilized financial situation. Both Honduras and Nicaragua have been approved at the initial stage — the decision point — to participate in the Highly Indebted Poor Countries (HIPC) Initiative and are therefore eligible for interim debt assistance. However, neither country has yet reached the second stage — the completion point — as some requirements remain to be met in their decision point documents, including that of a macroeconomic stability programme. In its Status of Implementation Report of April 2002, the World Bank estimates that Honduras will reach its completion point by mid-2002 and Nicaragua by December 2002.

24. In the past year important steps have been taken to advance the economic integration process, which has benefited from the work and commitment of Central American leaders. Important challenges remain, however, before a comprehensive regional free trade agreement can be reached. At a presidential summit in March 2002, it was agreed that Central America would negotiate as a unified bloc with the United States of America in talks leading to a free trade agreement. This will require more integrated cooperation than the existing Central American Common Market. Established in 1960, the Common Market remains central to those discussions and to overall efforts to advance regional trade. Furthermore, regional leaders have agreed to continue the process of establishing a regional customs union, expanding the existing cooperation among El Salvador, Guatemala, Honduras and Nicaragua. The customs union is slated for completion by the end of 2003. In late August, the Second Congress of Political Party Women of Central America, the Dominican Republic and Panama adopted a resolution calling on regional leaders to include specific anti-poverty strategies in the trade agreement

with the United States. The Congress is a project of the Central American Parliament.

25. The Puebla-Panama Plan, a comprehensive initiative launched by Mexico in 2001, involving nine states in southern Mexico and all the Central American countries, has also advanced. It envisions new investment in, among other areas, infrastructure, human development, disaster prevention and environmental protection. At the end of June, the leaders of the Central American countries and Mexico agreed on a number of important infrastructure projects, including the construction of a grid linking energy infrastructure and two Central American motorways, along the Atlantic and the Pacific coasts. Among other regional economic initiatives discussed in the past year are the establishment of a mechanism for the resolution of trade disputes, free trade agreements with the European Union and a regional common currency.

G. Regional and extraregional institution-building

26. The Organization of Central American States was founded in 1951, and its fiftieth anniversary, in October 2001, recalled the beginnings of the Central American integration process. The organization's successor — the Central American Integration System (SICA) — continues to promote regional coordination through its many regional initiatives and extensive agenda. As these efforts enter this new stage, I encourage Central American leaders to pursue the regional integration process to consolidate peace and development in the entire region.

27. In 2002, Costa Rica took over as pro tempore secretariat of the Rio Group, the first Central American country to do so, and hosted the Rio Group Summit in San José in April. In a comprehensive political declaration, the Heads of State confirmed that the Rio Group is the primary forum for dialogue and political coordination in Latin America and a valid regional interlocutor for other regions and international forums. Among the issues covered in the declaration were the continued recognition of the Charter of the United Nations and universal human rights; the International Criminal Court; combating corruption, terrorism and drugs; disarmament; and support for the conclusions of the International Conference on Financing for Development, held in Monterrey, Mexico, in March 2002.

28. Central American countries participated actively in the session of the OAS General Assembly held in Barbados in June 2002. The theme of the session was "The multidimensional approach to hemispheric security", with the aim of broadening the approach to security and terrorism to include more traditional threats to human security, such as poverty, hunger, environmental degradation and rampant disease. The countries of the region, particularly those of Central America, emphasized that these pressing problems, which predate the events in the United States of 11 September 2001, were an urgent priority. Also discussed were the Inter-American Democratic Charter, developments in Venezuela and Haiti, and trade issues.

29. Leaders from Latin America and the Caribbean and the European Union gathered in Madrid last May for their second biregional summit. The aim was to follow up on the Declaration and Plan of Action adopted at the first summit, held in Rio de Janeiro in June 1999. In a new Political Declaration, it was agreed to enhance political, economic, cultural, educational, scientific, technological, social and human cooperation. In the margins of the Madrid summit, the Eighteenth Ministerial Conference on Political Dialogue and Economic Cooperation was held between SICA and the European Union. The parties confirmed their commitment to the consolidation of democratic systems, the establishment of closer economic and trade relations, the promotion of human development and the eradication of poverty. In October 2002, the Central American Presidents and a large Central American business delegation will travel to Berlin to discuss a proposed Central America/European Union free trade agreement.

30. In March 2001, the Regional Consultative Group of Central America adopted the ambitious "Madrid proposal", a strategic framework for the transformation and modernization of Central America in the twenty-first century. I call upon the donor community to continue its support for the Madrid proposal, and upon the Central American Governments to take the necessary steps to fully implement the plan.

III. Natural disasters and environmental problems

31. The region's environmental fragility has been demonstrated by a series of natural disasters in recent years. Worst was hurricane Mitch, which laid waste to the region in 1998, causing tremendous damage, death and suffering from which some countries have yet to recover. In January 2001, El Salvador experienced a series of earthquakes. Then, lack of precipitation during the rainy season resulted in hunger and disastrous conditions, which still affect some rural areas. In November 2001, Honduras and Nicaragua were again hit by a devastating hurricane, Michelle, causing severe flooding and mudslides, which compounded the suffering caused by the drought.

32. In the case of El Salvador, hurricane Mitch caused damage amounting to $388 million, and the 2001 earthquakes caused damage totalling $1.66 billion, although their impact on human development far surpassed these economic costs. Some 240 persons died and 84,000 were injured by hurricane Mitch; the two earthquakes resulted in the deaths of 1,159 persons, and more than 1.5 million were left homeless. In aggregated terms, these two phenomena increased the country's poverty rate by 4 per cent, meaning that more than 250,000 people were added to the ranks of those with incomes below the poverty line. As these statistics illustrate, the poorest are often hardest hit by environmental degradation. Natural phenomena not only harm the environment, but also curtail access to necessary natural resources such as water, soil and food. This year, El Salvador is again expected to suffer crop losses due to rain shortages. The World Food Programme estimates that in the eastern and central regions farmers may lose between 25 and 50 per cent of the harvest.

33. Concerning conservation and sustainable development in Guatemala, the greatest environmental challenge has been the protection of the remaining forests. In the last year UNDP has supported various initiatives to create an institutional basis to promote sustainable development. A high-level public sector authority has been created to consolidate responsibilities for natural resource management at the national level. The new Ministry of Natural Resources and the Environment brought together decentralized authorities responsible for protected areas that have buffer zones for income-generation projects.

34. The process of integrating environmental policies in Central America started in 1989, as a direct result of Esquipulas II, with the establishment of the Central American Commission of Environment and Development, under the auspices of SICA. Since then, steps have been taken to reduce the region's social and ecological vulnerability. In the aftermath of hurricane Mitch, at the Regional Consultative Group for Central America meeting in Stockholm in 1999, the Central American Governments agreed that the overriding goal of the reconstruction and transformation of the region had to be the reduction of ecological vulnerability. Furthermore, several regional initiatives under the auspices of OAS, SICA , the Puebla-Panama Plan and the Meso-American Biological Corridor are devoted to reducing environmental vulnerability.

IV. Organization of American States

Bilateral issues: border disputes

35. Since August 2000, facilitators chosen by the Governments of Belize and Guatemala have endeavoured to settle a long-standing dispute involving Guatemala's claim to a considerable swath of Belizean territory. The facilitators — Paul Reichler for Guatemala and Shridath Ramphal for Belize — have made several presentations to the parties in the last year, and a settlement appeared to be within reach. Responding to the most recent setback, in August I called on the parties to persevere in concluding outstanding issues. In so doing, I emphasized that a permanent, just and equitable solution will benefit the peoples of Belize and Guatemala and signal a new relationship between these neighbours.

36. Despite a series of confidence-building measures conducted under the auspices of OAS during 2001, delineation of the common Honduran/Nicaraguan maritime border in the Caribbean remains problematic. Proceedings begun before the International Court of Justice in 1999 continued throughout the reporting period. In July 2002, the Honduran Government issued a formal complaint because Nicaragua had invited international oil companies to bid on the exploitation of territory to which Honduras also claims ownership. In response, the Nicaraguan Government restated its sovereignty over the territories and refused to cancel the bidding process. The dispute remains unresolved. Moreover, as a direct consequence of the border

dispute, Nicaragua has enforced a 35 per cent punitive tariff on goods from both Honduras and Colombia. This tariff was imposed because in 1989 Honduras ratified a treaty with Colombia concerning an area in the Caribbean, part of which Nicaragua claims.

V. United Nations

A. United Nations in El Salvador

37. Since June 1998, when the Support Unit of the Special Envoy of the Secretary-General in El Salvador was closed, UNDP has been monitoring compliance with four pending commitments under the 1992 peace accords, while ensuring that the spirit and approach of the accords is reflected in the programmes of the United Nations system in the country. In these efforts, UNDP and the Department of Political Affairs have worked hand in hand.

38. Three of the remaining commitments under the accords relate to the transfer and legalization of land holdings. Between 2000 and 2002, these programmes were brought to a successful conclusion thanks to the spirit of collaboration and commitment exhibited by the Agrarian Reform Institute, the Frente Farabundo Martí para la Liberación Nacional (FMLN) and the associations representing the beneficiaries, with technical support from UNDP. Outstanding cases were jointly examined by all parties and decisions taken and implemented on each property and claim. Some of these cases have languished for an excessively long time in the legal pipeline. To reinforce the credibility of the mechanisms involved, it is important that the process be accelerated and all pending cases concluded.

39. One of the few remaining issues relating to land tenure concerns the rural human settlements programme. The owners of some properties have remained unwilling to sell, and some families have not wished to be relocated. Of late, steps have been taken to evict the occupants of some properties in Morazán. Despite the good will of the authorities involved, it has not been possible to find a satisfactory solution in all cases. Some of the beneficiaries whose cases remain unresolved would benefit greatly from adequate legal counsel, which could be provided by the Chief State Counsel (Procuraduría General de la República). While willing to help, the Agrarian Reform Institute has suffered from inadequate budget allocations and is therefore not in a position to purchase the necessary lands.

40. In December 2001, an agreement was reached between the Fund for the Wounded and War-Disabled and the associations representing its beneficiaries. This Fund remains the most troublesome issue on the verification agenda. While some former combatants and the dependants of fallen combatants have been receiving benefits over the years, many who qualify have been excluded and continue to demand compensation. It was therefore with great satisfaction that I received news of the ground-breaking agreement reached in December 2001, when the Government made a commitment to reopen the list of potential beneficiaries. It also agreed to a series of measures designed to ensure the full participation of the associations in the operation of the Fund, which was to be overhauled to ensure its efficiency and integrity.

41. Since then, steps have been taken, albeit slowly, to implement the December agreement. According to that agreement, the parties would request technical assistance from UNDP, which would undertake a census and socio-economic evaluations to determine both the eligibility of new applicants and the appropriate level of support. The necessary reforms to the law regulating the Fund were enacted, and the associations were granted official legal status. In late August 2002, a tripartite group — the Fund, the associations and UNDP — began meeting to review progress jointly. In addition, with extraordinary donations of $50,000 each from the Government and UNDP, the initial funds have been secured to launch the census and evaluations of potential new beneficiaries. It is to be hoped that the same spirit of collaboration and commitment to meet the needs of this deserving population exhibited last December is reflected throughout the process of implementation. I also call on the international community, which has loyally supported the Salvadoran process throughout, to make available the necessary resources to implement this commitment.

B. United Nations in Guatemala

42. Since 1994, MINUGUA has been monitoring compliance with agreements reached in the areas of human rights; the resettlement and reintegration of combatants and those displaced by the conflict;

indigenous peoples; development, particularly in the agrarian sector; the armed forces; public security; and constitutional and legal reform.

43. In acknowledgement of the difficulties and delays experienced in fully implementing the Guatemala peace accords, in 1999 completion was rescheduled for 2004. Yet during 2000 and 2001, little progress was made. After this long period of stagnation, the process appeared to receive new impetus at a meeting of the Consultative Group for Guatemala, held last February in Washington, D.C. On that occasion Government representatives renewed their commitment to comply with targets set in the accords, and the international community conditioned its continuing support on full compliance. The spirit of free exchange and cooperation between Government officials and a wide-ranging group of civil society members who participated gave cause for optimism.

44. In subsequent months, the Congress approved a package of decentralization laws, offering opportunities for citizen participation, consensus-building and municipal autonomy. The approval of these laws constitutes a decisive step in compliance with the commitments under the peace agreements. If fully implemented and utilized, the legislation has the potential to fundamentally alter the way local communities do business, particularly in rural areas, where most indigenous Guatemalans live.

45. Over the last year, Guatemalan society has become increasingly polarized, with some calling for the resignation of the Government, against which charges of corruption have been levied. In the countryside, landless peasants seeking a means of subsistence have increasingly occupied unused lands. With high crime, a weak police presence and an ineffectual justice sector, citizens have resorted to summary executions of presumed suspects; the latter crimes, for the most part, have not in turn been investigated or sanctioned. With general elections planned for 2003, tensions are rising, as are human rights violations.

46. Meanwhile, there has been scant progress on implementation of the peace agreements, and in some areas backsliding is apparent. In the last year there was an expansion of the role of the army in public security and other areas of Government action. During 2001, the army spent nearly double the amount approved by Congress, almost reaching the level spent in 1995, a war year. MINUGUA verification has also revealed that deployment of the armed forces remains much as it was during wartime, and has not been adjusted in the light of new conditions. Implementation remains weakest in respect of the accord on indigenous rights. Recent steps to enact a law on ethnic discrimination give rise to the hope that the commitment reflected in that key accord will be translated into palpable improvements in Guatemalan society.

47. According to the UNDP Human Development Report for Guatemala, in 2000 more than half of the population — 56 per cent — lived in poverty. The poverty rate increased in 2001 as a result of the shrinking gross domestic product. Most of the poor are indigenous (59 per cent) and live in rural areas (81 per cent). Likewise, most of the children who do not attend school are indigenous, as are 22.4 per cent of the primary school teachers. The latter figure represents an improvement but falls far short of the target.

48. In 1999, a ground-breaking report was issued by the Commission for Historical Clarification. The findings of this Guatemalan "truth commission" went a long way towards writing the history of some 30 years of violence during the conflict. Most of the Commission's recommendations have yet to be implemented, including some designed to promote national reconciliation and provide compensation to victims of the armed conflict. The failure to make good on this promise is particularly egregious in the light of the recent statement of intent by the Government to provide compensation to members of civil defence patrols organized and armed by the military during the conflict. The decision on indemnification for these patrollers, which the authorities have suggested may be provided in conjunction with payments to human rights victims, is a key test of the Government's commitment to promote healing in Guatemalan society in ways that adhere to the spirit of the peace agreements.

49. In 2000, agreement was reached among the parties to the accords, the States that constitute the Group of Friends of the Guatemala peace process and the United Nations that MINUGUA would begin a three-year phase-out leading to closure of the Mission in December 2003. With that in mind, MINUGUA has redoubled its efforts to work with and train Guatemalan counterparts in preparation for the day when its functions and responsibilities will devolve to the people of Guatemala. Key partners, such as the human rights ombudsman, the Presidential Human Rights

Committee and the Accompaniment Commission are working ciosely with Mission staff to ensure continuity of work. Likewise, the rest of the United Nations system presence in the country is preparing to assume its part of the peace agenda once MINUGUA closes.

C. United Nations operational activities

50. Throughout the isthmus, the activities of the United Nations system are oriented by the United Nations Development Assistance Framework and the common country assessment, which has served to harmonize and synchronize both the approach and the programming of all agencies. In Nicaragua, the country team supports the implementation of a poverty reduction strategy, and offered some $40 million for projects throughout the country in 2001. A focus for UNDP in the last year has been the promotion of democratic governance and the provision of expertise and resources to the transition task force for the incoming Administration. It is also supporting the work of a presidential panel generating a set of proposals to improve the judiciary and the National Economic and Social Council. UNDP works with the Government to improve the coordination of all international assistance, ensuring that it is consistent with national priorities. The first regional UN House was opened in the city of León, Nicaragua.

51. Honduras is considered the epicentre of the HIV/AIDS crisis in Latin America, and half of all reported cases of people living with HIV/AIDS are in Central America. The Government of Honduras has taken significant steps to fight the disease, joined in that effort by UNDP. Last March, I attended an event launching a National AIDS Forum, which aims to provide space for dialogue and support for a range of groups working on the issues involved. The Forum, which includes people living with the illness, will make small grants to implement grass-roots, impact-oriented HIV/AIDS prevention and management activities.

52. Also in Honduras, the United Nations system has supported the Democracy Trust Fund, which with the National Forum on Convergence succeeded in securing three ground-breaking agreements between political parties and civil society. The agreements seek to promote a political culture conducive to good governance and development. Taken together, they lay the groundwork for the elaboration of a "country vision for 2021". Key to developing that shared vision is improved understanding between the armed forces and civil society, the subject of another UNDP initiative in the last year. Relevant measures include a commitment to a joint military/civilian examination of the army's human rights record of the 1980s.

53. Of vital importance for Guatemala's peace process is the formulation of a comprehensive rural development policy. To that end, UNDP is working with several public and civil society institutions towards the elaboration of such a policy and on a nationwide land survey, which has been expanded to seven new departments in the last year. Since 1996, 600 technicians have been trained to participate in the survey. Given the deteriorating economic situation in Guatemala, the United Nations system continues to implement the strategy on poverty reduction and human development. The World Food Programme stepped up food deliveries in the last year, faced with growing child malnutrition and food shortages caused by drought in several parts of the country.

VI. Observations

54. **Peaceful, orderly elections in the last year in Costa Rica, Honduras and Nicaragua should serve as a model for neighbouring countries slated to hold elections in the coming year. While constitutional succession is no longer in doubt, electoral reforms in several countries should be deepened to facilitate the inclusiveness of elections. In Guatemala, the authorities and political party leaders should take steps to foster a climate conducive to unhindered political debate without confrontation.**

55. **Enormous strides have been made in respect for human rights, in contrast to the 1980s, when the General Assembly first began to follow the region closely. It is commendable that all countries on the isthmus have human rights ombudsmen, though several of them lack the resources and political backing necessary to fulfil their mandated functions. There are also signs that the population at large has yet to grasp the meaning of human rights compliance in peacetime. Without popular support for the application of human rights standards to everyone in all situations, backsliding could occur. Civic education campaigns could address both the human rights responsibilities of**

the state and the rights and responsibilities of the citizen.

56. Several countries in the region are experiencing high crime rates. In those same countries, the regulation of weaponry is lax, and in some countries unregulated private security agents outnumber the uniformed police. In response, some have called for a rollback of progress made in judicial reform. It is to be recalled that human rights violations were both a root cause of the conflicts of the 1980s and a by-product of those conflicts. While public security concerns are valid, responding to the challenge should be left to a strengthened civilian police, whose resources and appropriate leadership must be guaranteed. In addition, fighting crime should not come at the expense of the modernization of often outdated codes and judicial procedures.

57. Governments are urged to continue recent constructive efforts to enhance regional economic cooperation in order to improve the financial outlook for the isthmus as a whole. To that end, all newly elected Governments have expressed willingness to carry on with the ongoing integration processes and further deepen regional cooperation. Increased political stability can be expected to lead to further social and economic improvements in the region, if political actors cooperate constructively in finding sustainable and visionary solutions to the current problems. I therefore encourage all sectors to take advantage of the present political impetus in some Central American countries to advance the general political, economic and social development of the entire region.

58. Talks under way involving Central American leaders, the European Union and the United States are cause for hope that barriers to free trade will in time disappear. In particular, I encourage SICA and the European Union to continue their constructive dialogue with the aim of establishing an interregional free trade agreement. Both regions could gain significantly from such an agreement, not only in economic terms, but also in the form of enhanced cooperation.

59. The natural disasters of the last four years have demonstrated the importance of environmentally responsible economic policies and development. To advance the sustainable development of the region and to follow up on existing initiatives, I therefore call upon the Central American Governments and the donor community to take environmental concerns into account in all their development objectives.

60. Last 16 January marked the tenth anniversary of the signing of the historic 1992 peace accords between the Government of El Salvador and FMLN. Over the last decade I have watched with great satisfaction the transformation of Salvadoran society, as the signatories to the accords went about implementing a reform agenda designed to lay the foundations for a peaceful society based on the rule of law. Much remains to be done to create the equitable, just society envisioned by those who crafted the peace, but the country has without a doubt come a long way from the days when disputes were resolved violently. El Salvador has much to celebrate, and the international community has been steadfast in assisting the country in this historic undertaking. The Salvadoran peace accords and the process they put in motion are indeed an accomplishment of which to be proud. In the light of this success, and with the completion of the terms of the accords so nearly at hand, the Government, institutions, political actors and civil society of El Salvador must redouble their efforts to fully realize the peace accords and build upon them. As the United Nations nears the end of its verification of the pending agreements, I call on the Salvadoran people to safeguard that which has been achieved and to rededicate themselves to the spirit of the accords signed a decade ago. In particular, I urge the Government, political parties and other social activists to commit themselves to a spirit of dialogue and cooperation.

61. Faced with recent setbacks reminiscent of the war years, Guatemala stands today at a crossroads. Stagnation in the implementation of the peace accords, coupled with worrisome deterioration in many other areas, could jeopardize progress made since the peace agreements were signed in 1996. Guatemala's democratic institutions must be strengthened, taking into account the spirit of the agreements. Moreover, greater efforts are needed to fully address the vast inequalities that affect disproportionately Guatemala's indigenous population. I call on all Guatemalans — in particular the political and economic leadership —

to commit themselves to remaking their country in the spirit of the accords.

Notes

[1] The 2002 human development index ranks the countries of the region as follows: Costa Rica (43); Panama (57); Belize (58); El Salvador (104); Honduras (116); Nicaragua (118); Guatemala (120).